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ROUTING AND RECORD SHEET

BUD

SUBJECT: (Optional)

FBIS FY-89 Exchange Rate Difficulties



FROM: R. W. Manners
Director, Foreign Broadcast
Information Service

EXTENSION

NO.

FBIS-0128-88

DATE

13 June 1988

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TO: (Officer designation, room number, and building)

DATE

RECEIVED

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OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Deputy Director for
Science and Technology
Room 6E45, Headquarters

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FBIS-0128-88

13 June 1988

MEMORANDUM FOR: Deputy Director for Science and Technology

FROM: R. W. Manners
Director, Foreign Broadcast Information Service

SUBJECT: FBIS FY-89 Exchange Rate Difficulties

1. In response to your request relative to our exchange rate difficulties overseas, FBIS would submit that it cannot sustain both its present overseas and JPRS base missions and meet its strategic goal of achieving FOC on the Modernization initiative in FY-89.

2. Specifically, the poor performance of the dollar in our Far East and European bureaus is posing a serious threat to operational needs in areas of priority coverage responsibilities. The actual increase in the cost of doing business overseas has far outstripped even the most optimum allowances for fiscal growth. For FBIS, this growth has averaged nine percent annually and accommodating it within guidance will have an undeniable impact on our consumers.

3. Past, "invisible" sources of relief in discretionary funding--equipment recapitalization and contract translation funds in particular--are in critical shape themselves. Internal concern over the former is real; you personally are aware of high-level consumer concern over the latter.

4. We now find ourselves in the position of weighing the relative impact on key consumers of total discontinued coverage of "lower priority" geographic areas versus limiting coverage of high priority targets identified in Intelligence Community tasking, Directorate strategic goals, and direct consumer contact. A few documented examples are:

- o To meet guidance, our Okinawa Bureau will be forced to reduce its Chinese monitorial staff by one-fourth and warns it will no longer be able to guarantee timely coverage of the PRC.
- o Paring London Bureau's funding down to two-percent real growth will eliminate the third shift, discontinuing 24-hour coverage of Moscow.
- o Austria Bureau will have to reduce its Czech coverage by half, its Polish and Russian by one-third.

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SUBJECT: FBIS FY-89 Exchange Rate Difficulties

5. The level of funding necessary to forestall any one of the preceding, though relatively insignificant, is the equivalent of the combined operating budgets of both African bureaus or the translation budget of an entire geographic division, such as the one responsible for the USSR or Europe, Latin America, and Africa. We estimate that the total is on the order of [REDACTED]

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6. The choice we are faced with, i.e. coverage cutbacks on high priority targets or complete elimination of lower priority coverage such as Africa, may not be ours to make any longer. The issue of inflation abroad in general, and its effect on the FBIS mission as a service of common concern, merits serious consideration at the upcoming ExCom session.

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[REDACTED]
R. W. Manners

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